
Maintaining 6 % Expenditure of GDP on Education in India towards Universalization of Quality Education: An Analysis

Bablu Karan

*M.Ed Student (2017-19), Vinaya Bhavana, Department of Education, Visva-Bharati (A Central University),
Santiniketan. (W.B).*

ABSTRACT

Education, in Indian context, has been considered a social subsystem of progress. The development of human resource for increasing social progress is one of the major aims of Education. It should be envisaged as a 'public health' (inseparable part of life) and there is a need for greater public investment in the sector. The country's sound investment in form of input will continue better process toward social progress as an output by developing human resource. With the effect of National Education Commission (1964-66), earlier National Policies of 1968, 1986/92 and 2016 (draft) have recommended 6% of GDP as the minimum norm for the national outlay on education in reaching its prescribed goal successfully. However, the actual expenditure on education has remained consistently below this level and in recent years it has hovered around 3.5%. This brings into focus the need to enhance allocations to the education sector to reach the desired target. This paper has been prepared on the basis of researcher's qualitative study by following earlier national policies, recommendations, Government reports, various articles and research papers to describe critical need and importance of allocating at least 6% of GDP to Education. It highlights some issues and challenges on its proper maintenance of allocation, and also proposes few suggestions and recommendations which may be considered further in maintaining 6% outlay of GDP on Education to achieving universalization of quality Education in India.

Keywords: *Education, 6% Outlay of GDP, Public Expenditure, National Policies*

INTRODUCTION

“The outlay on education will be stepped up to ensure that during the Eighth Five Year Plan (1992-1997) and onwards it will uniformly exceed six percent of the national income”

-NPE (1992)

In view of this recommendation, education will be treated as a crucial area of investment for national development and survival. The earlier NPEs of 1968 and 1986, as modified in 1992, had all recommended 6% of GDP as a norm for the national outlay on education. The 1968 NPE stated that “the aim should be gradually to increase the investment in education so as to reach a level of expenditure of 6 per cent of the national income as early as possible.” This target had been endorsed by the 1986 NPE. Since the actual level of investment has remained far short of that target, it is important that greater determination is shown now to find the funds for the programmes laid down in the Policies. Despite these exhortations, however, the expenditure on education has consistently remained well below this level. From 0.64% in 1951-52, the ratio climbed to 3.84% in 1990-91. It briefly breached the 4% threshold at the turn of the millennium but has thereafter reverted to a level of around 3.65% in recent years.

Just for comparison, the corresponding level of expenditure in OECD countries is at an average of 5.3% of the GDP of those countries; indeed among them few OECD countries exceed 6%. Note that these are highly developed countries, where income levels are high; the governments consider such expenditure as investment in their people. In India's current state of development, a minimum of 6% of GDP which is not at much higher level should be essential expenditure in the education sector.

BACKGROUND

The National Education Commission of 1964-66 made a detailed analysis of the trends since independence, estimated requirements of the educational system in India up to 1985-86, and recommended that "we should accord the highest priority to education and allocate the largest proportion of GNP possible to it" (p 873). It suggested, based on certain altogether realistic assumptions regarding economic growth, population growth, growth in enrolment and expenditure per student, that this proportion should be 6 per cent. The commission also compared this estimate with the corresponding figures of other countries, available in the UNESCO statistics: "Japan and the US and the USSR are spending considerably more than 6 percent of GNP on education" (p 860); they spent no more than a small fraction of their GNP on education at the beginning of the century. The commission also felt that these countries might be spending about 10 per cent of GNP by 1986, and perhaps more than 10 per cent, if comprehensive disarmament takes place. Hence, there is a need for India to increase its public expenditure at least to the level of 6 per cent of GNP by 1985-86.

The 6 per cent target suggested by the education commission is based on the following considerations (p-873): The requirements of the system for the next 20 years; the level of spending by the economically advanced countries like Japan, the US and the USSR as a proportion of their GDP on education and the likely trends in future; and the simple normative principle: Normally expenditure on education should grow at double the rate of economic growth in the early stages of educational development. But the education commission set a modest target of 10 per cent growth in educational expenditure, compared to an expected 6 per cent rate of economic growth. Thus the commission felt that the target of 6 per cent of GDP was not at all an "ambitious one". Methodological, including conceptual and definitional aspects of educational expenditure and the details of the analysis and the targets of the commission are unambiguously clear. The rationale provided by the commission for its recommendation was also sound and it also gave enough time to the government for reaching the goal, providing a 20-year period. Of the several recommendations made by the Kothari commission, 6 per cent of the GDP was accepted by the government of India.

LITERATURE REVIEW

On the recommendation of the Education Commission (1966), the Indian government (1968) fixed a target of investing six percent of GDP in education by 1986, but this has never been achieved. In the early 1950s, it was as low as 1.2 percent, it has moved up steadily to around 4 percent of GDP (4.2 in 2000-01). According to the Human Resource Development Report (2001), among the 143 countries listed, India ranked 104th with respect to the share of GDP

spent on education. And, a recent UNESCO study indicates that countries spending much less than India are getting better results.

Dropout rates and Public Expenditure on Education (%)

Country	Primary School Dropout Rates	Expenditure as % of GDP
India	53%	4.1%
Myanmar	45%	1.4%
Bangladesh	35%	3.7%
Cambodia	35-38%	1.9%
Nepal	35-38%	2.5%

Source: UNISCO Global Education Budget Digest 2003

Belatedly recognizing the importance of primary education, the government has in recent years shifted the focus of its funding to primary and middle grades in an attempt to boost overall literacy levels. Higher education funding overall has seen a decline over the past twenty years, although the world-renowned “institutions of national importance” in technology and management have not suffered budget cuts.

The UPA government promise reiterating the Kothari Commission recommendation of 1966 still remains unfulfilled even after 50 years. Education spending as a share of GDP (2009-10) at 3.95 % is nowhere near the promised 6 %. And during entire 11th five year plan the spending against budget heads were 76% on SSA, 65% on Mid day meal, 36% on teachers training and just 12 % on Rashtriya Madhyamik Shiksha Abhiyan . This is more than frustrating experience. When 2010-11,budget was presented there was a great hoped that present budget will make enough budgetary provisions for implementation of RTE 2009. However the enhancement in the present budget was just 14.5% increase over last year budget. This raises serious doubts on the implementation of the RTE Act. However, in what seems to be a clear dangerous signal of the government being in favour of the neoliberal policy framework, the proposal to ease Foreign Direct Investment (FDI) restrictions in the higher education sector is a move towards pushing for greater privatization in education.

OBJECTIVES OF STUDY

- i. To understand the need and importance of 6% allocation of GDP to Education.
- ii. To describe county’s performance toward recommendation of 6% allocation by national policies.
- iii. To find out factual constraints to allocate 6% outlay on education.
- iv. To determine possible solutions and recommendation for further implementation.

RESEARCH METHODOLOGY

The study is done with reference to recommendation of earlier national policies for 6% expenditure of GDP on Education. For this purpose qualitative method has been adopted as it helps us to explore personal observation and investigation for any problem with suitable

assumption and it is also important for clarification of any concept. The study has been based on secondary data which have been collected from various internet sources, magazines, article, research papers and Government annual reports for explanation.

DISCUSSION AND ANALYSIS

At the beginning of planning (1951-52) India was spending 0.64 per cent of GNP, and by 2004-05 (budget estimates) it increased to 3.26 per cent. Even though the growth is not smooth, this is indeed a remarkable increase. But the goal was not achieved by the date suggested by the Kothari commission, nor even 20 years later.

After crossing the 4 per cent mark in 1989-90, just about the time the new economic reform policies were introduced, the proportion then slid down below 4 percent to 3.9 per cent in 1991-92 and to 3.6 per cent by 1997-98. There was a modest increase later and at the beginning of the present century (2000-01), it was above 4 per cent; but even that level could not be sustained in the following years. The current ratio is the lowest since 1985-86, i e, after the National Policy on Education 1986 was formulated.

It also needs to be underlined that the current proportion is also less than (a) the requirements of the education system to provide reasonable levels of quality education to all the students enrolled; (b) the requirements of the system to provide free and compulsory universal elementary education of good quality for eight years for every child of the age-group 6-14, as a fundamental right, as proclaimed in the 86th Amendment of the Constitution of India in 2002 and the consequent growth in secondary and higher education; and (c) the proportion of GNP invested in education in many other developing, leave alone developed countries of the world, including Africa. According to the latest statistics, India ranks 80th among 130 countries of the world on which such data are available, in the proportion of GDP spent on education in 2000-02 (HDR 2005).

The total expenditure on the Revenue Account at the all India level during 2014-15 has formed 27.44% of the total Gross Domestic Product (GDP) and only 3.25% of the GDP was provided in the budgets for education departments. When the provision for education for all departments including education departments is taken into account this percentage works out to be 4.04%.

Public Expenditure on Education as percentage of GDP

Year	Total Expenditure on education by education department (% of GDP)			Total Expenditure on education by education department and other department (% OF GDP)		
	State as % of GDP	Central as % of GDP	State + Central as % of GDP	State as % of GDP	Central as % of GDP	State + Central as % of GDP
2004-05	2.29	0.44	2.73	2.65	0.61	3.26
2005-06	2.26	0.53	2.79	2.66	0.68	3.34
2006-07	2.19	0.60	1.79	2.61	0.87	3.48

2007-08	2.15	0.58	2.74	2.53	0.87	3.40
2008-09	2.23	0.65	2.88	2.66	0.90	3.56
2009-10	2.46	0.65	3.11	2.90	1.05	3.95
2010-11	2.51	0.72	3.22	2.94	1.11	4.05
2011-12	2.4	0.69	3.09	2.84	0.99	3.82
2012-13	2.35	0.66	3.01	2.88	0.90	3.70
2013-14 (RE)	2.46	0.66	3.13	2.97	0.90	3.87
2014-15 (BE)	2.59	0.67	3.25	3.06	0.99	4.04

Source: Analysis of Budgeted Expenditure on Education (2013-14 to 2014-15). MHRD, GOI. Planning, Monitoring and Statistics Bureau.(Taken from CSO, 31.03.2017).

As the goal remained unaccomplished, the National Policy on Education 1986 (revised in 1992) also resolved, “It will be ensured that from the Eighth Five-Year Plan onwards it (the outlay on education) will uniformly exceed 6 per cent of the national income” (p 29). The non-accomplishment of the goal led the government to repeatedly reiterate the commitment in subsequent years in every five-year plan, in every policy statement, party manifestos and other agenda, and even in the Independence Day speeches of the prime ministers from the ramparts of the Red Fort. But the present status of investment in sector wise on education is like the mentioned below-

Public Expenditure on Education in sector-wise (2013-14) Estimated

Year 2013-14 (RE) GDP:- Rs 11236635 core (Provisional)			
Sector	Expenditure (as % of GDP)		
	State/UT	Central	Total
Elementary Education	1.25	0.38	1.63
Secondary Education	0.86	0.10	0.96
University and Higher Education	0.49	0.20	0.69
Adult Education	0.01	0.00	0.01
Technical Education	0.36	0.22	0.58
Total	2.97	0.90	3.87

Source: Analysis of Budgeted Expenditure on Education (2013-14 to 2014-15). MHRD, GOI. Planning, Monitoring and Statistics Bureau.

Public Expenditure on Education in sector-wise (2014-15) Estimated

Year 2014-15 (BE) GDP:- Rs 12433749 core (Provisional)			
Sector	Expenditure (as % of GDP)		
	State/UT	Central	Total
Elementary Education	1.42	0.40	1.82
Secondary Education	0.87	0.11	0.98
University and Higher Education	0.44	0.22	0.66
Adult Education	0.01	0.00	0.01
Technical Education	0.32	0.25	0.57
Total	3.06	0.98	4.04

Source: Analysis of Budgeted Expenditure on Education (2013-14 to 2014-15). MHRD, GOI. Planning, Monitoring and Statistics Bureau.

Underinvestment in education is regarded as one of the most important reasons for our failure in realizing our educational goals and targets, such as those relating to (i) universal adult literacy, (ii) universal elementary education, including universal enrolment, universal completion of eight years of schooling and universal achievement of minimum levels of learning, (iii) vocationalisation of secondary education, (iv) maintenance of, if not improvement in quality and standards in higher education, (v) reduction in regional disparities, and (vi) equity by gender, and other socio-economic groups of population. Even nearly six decades after independence, unacceptably large numbers of people are illiterate; large numbers of children are yet to see a school; and socioeconomic, gender and regional inequalities are significant. The failure to reach the educational goals also resulted in non accomplishment with respect to socioeconomic, cultural and political transformation of society, leaving the country to continue to be labelled as an “underdeveloped” or a “developing” nation. International forecasts² still describe the nation as one that will not reach the education for all (EFA) or millennium development goals in the near future, and group India along with countries in sub-Saharan Africa.

Needs to maintain at least 6% outlay of GDP on education

The 1968 as well as 1986 policy rightly stressed the minimum 6% expenditure of GDP in education. Successive governments had not heeded to this call. Development of the human resource is a basic national infrastructure; there is perhaps inadequate recognition that it is even more important than physical infrastructure. India’s strength is its human resource; this has to be nurtured- education is the simplest and surest way to ensure optimal utilization of India’s demographic advantage. A massive programme for skill development has been embarked by the government, noting that 65% of the population is under 35 years of age. The work force in the next decades need to be adequately educated / trained, for them to play a part in nation building. Indeed if this is not attended to with great care today, the projected demographic ‘dividend’ may actually turn out to be a ‘disaster’ in the next decades. This Committee’s report recognizes and stresses the urgent need to sharply increase quality in our education system, which includes skills training and vocational education, for which new innovative comprehensive programmes need to be rolled out without delay. It will be short-

sighted indeed if this is not recognized today, as we will then be mortgaging our tomorrow by failure to act now.

It is also in the above spirit that the Committee has recommended full roll out of the ECCE, with its unavoidable implications for additional finances. The need for vocational/skill training will also require massive investments. The funds for these have to be found.

The Committee realizes that additional allocations alone on education will not ensure quality - a number of collateral steps are essential, outlined by the Committee elsewhere in the Report. However, the extreme focus on pre-primary and primary education has to be intensified; the secondary sector has been relatively neglected- it has to be provided for adequately. The conclusion is inescapable that a minimum of 6% of GDP needs to be devoted to the education sector not including the separate needs of skills/vocational training.

Considering the critical importance of focusing on the school sector, and equally to develop qualitatively and quantitatively the higher education sector, it is now imperative that funds should be found to meet the total needs of the school sector; the resources from the private sector need to be adequately marshalled for the needs of the higher education sector.

The approach to funding programmes in the child education sector must undergo a fundamental change. Programmes must be budgeted from the bottom up, instead of being pruned to fit top down budgetary allocations, as is presently the case.

SOME PROBLEMS AND ISSUES

Budgetary constraints

Insufficient financing on education continues to constrain efforts to expand access to education and foster quality education. Several studies have reported the challenges in education governance exemplified by the delayed fund flows to schools/colleges/universities. Shortfall in the funding has been a major constraint to the complete implementation of some of the programmes designed to further expand school, higher and adult education programmes and to maintain a reasonable level of quality in education. There have also been pervasive and persistent failures in timely programme implementation leading to sub-optimal utilization of the resources provided.

Unnecessary Controversies

The failure to allocate 6 per cent of GDP to education is not as much surprising as the attempts made to subvert the definition and scope of the terms and to misinterpret the letter and spirit of the recommendation of the Kothari commission as well as the resolution of the National Policy on Education 1968. Efforts were made to misinterpret the facts, quantitatively under define the goals and state that the 6 percent of national income should consist of not just government expenditure, but all private expenditure as well. Some argued that the recommendations had become redundant and do not deserve any more attention. Such attempts deliberately ignore the fact that the Kothari commission had referred mainly to public expenditure. The UNESCO and other international statistics that the Kothari commission used as a base for comparison also refer to government expenditure only. More

importantly these attempts also diverted public attention from the very need to substantially increase public allocations to education to realize the educational goals and quantitative targets periodically set and revised by the government. Now, the government seems to be somewhat clear about the goal and shows some seriousness about achieving the 6 per cent goal. The goal earlier targeted for the end of the Tenth Five-Year Plan is, according to the CMP, to “be done in a phased manner”; and no clear date is fixed. But the interesting point is that the CMP makes it clear that the total spending on education will be “public spending”, meaning that it will be the budget expenditure of the union and state governments, and not the public plus private outlays.

Negative Question on its sanctity

It may also be noted that the 6 per cent norm, though important, does not have much sanctity on its own. It assumes importance mainly as the goal remained unaccomplished so far, it is otherwise feared to be unaccomplished in the near future, and allocation of 6 per cent of GDP now means a substantial increase- nearly doubling the allocation to the education sector from the current levels, as shown later below. The 6 per cent norm also does not have much sanctity, as the estimate was made long ago by the education commission as the requirement of the education system, based on somewhat austere estimates of growth in enrolment, per student expenditure and other parameters. The austere estimates and assumptions may not be much relevant today. In fact, there is a need to revisit the policy relating to resource commitment to education. But any fresh exercises of requirement of resources for education sector may mean a figure much above 6 per cent of GDP, as some exercises mentioned later indicate.

Political Will

If there is political will, the goal of allocating resources equivalent to 6 per cent of the gross domestic product for education is realizable. Allocations to education can be increased by reallocating resources from other sectors or by raising more resources for the common pool of government funds or by both. But India is a democratic country and government is run by one leading political party which is to be selected by the people, of the people and for the people in five year durations. So it is not fixed for long time, with the change of government their policies, recommendations, decisions are also changing ignoring previous recommendations for certain issues. They try to form new recommendation with their own political view and also depend on leading party and their political will.

Effect of demonetization

Under the present government Indian has faced the historical step of demonetization and now the country is growing through the effect of it. According to Times Report, RBI and Statistical Bureau, the central government’s total budgeted expenditure has been falling and 2013-14 education got 4.57% of total GDP, but in 2016-17 it has been steady decline to 3.65% because of its effect.

FEW SUGGESTIONS FOR FURTHER CONSIDERATION

1. The recommended allocations presuppose formulation of proper plans, schemes, and setting up mechanisms for spending the resources efficiently. In the absence of fulfilment of such prerequisites, increased allocation of resources may lead to wasteful spending or misuse of resources. In short, the absorptive capacity of the system has to be raised.
2. It may be reiterated that the suggested levels of expenditure have to be met from government resources - the centre and the states - and that they are not inclusive of any contributions from the private sector, the community in general and students and parents in particular. All nongovernmental resources will be additional. It has to be noted that it will require stupendous efforts on the part of the government to raise the allocations to the estimated levels. Some might fear that given the past and likely trends in the future with respect to GDP and budget revenues and expenditures of the central and state governments and given the Fiscal Responsibility Management Act passed by Parliament, it might not be possible in the near future to raise public expenditure on education to 6 per cent of GDP. Though Fiscal Responsibility Management Act is a major constraint in raising resources, we need and should not be obsessed with it; we should be flexible on this, considering the development needs of economy and of various states in particular.
3. Reaching the goal of 6 per cent of GDP is a difficult but not an impossible task, if there is political will. Allocations to education can be increased either (i) by reallocating resources from other sectors, or (ii) by raising more resources by the government for the common pool or specifically for the education sector or (iii) by both. Reallocation of resources from other sectors should not be viewed as if it takes place at the cost of other sectors; after all almost all other sectors are beneficiaries of investments in education. Hence, a generous approach needs to be adopted in allocation to and reallocation of resources in favour of education.
4. Many also argue that the private sector can play an important role in education. However, in the case of education, goals and instruments are organically linked. The market is a good instrument for measuring certain kinds of house hold preferences but not necessarily all preferences relating to education. Reliance on markets will not produce desirable levels investment in education, in research and development activities or in social sciences in higher education.
5. In order to supplement the Government efforts, investment in education by private providers through philanthropy and corporate sector responsibility will be encouraged. The Government will take steps for incentivizing private sector investment in education, such as, tax benefits and inclusion of education within the definition of infrastructure. In general, public funding will continue for core activities, whereas other functions can be through private funding. Private funding and FDI for R&D and other quality enhancement activities in education institutions will be pursued as an important strategy for mobilizing financial resources.
6. Instead of setting up new institutions, which require huge investments, priority of the Government will be to expand the capacity of existing institutions.
7. HEIs funded by governments need to find ways of increasing their revenues through other sources, such as, alumni funding, endowment funding, tuition fee enhancement along with fee waiver for disadvantaged sections, and private investment. 8. In order to encourage

excellence and efficiency, performance-linked funding of higher education institutions will be implemented.

9. The adequate resources will be required for implementation of RTE act. The centre should fulfill its promise of provisioning 6% of GDP for education either by imposing more education sector or by other sources. However it should not be made open for private sector for investment in education.

10. 6 percent of GDP or 20 percent of Government expenditure should be provisioned for education, and half of this public spending on education needs to be targeted towards elementary education.

CONCLUSION

To conclude, it is seen that the continuance of illiteracy on a large scale in the adult population and the large numbers of children still outside the school system along with the high rates of dropout and the low rates of success in schools and colleges because of inadequacy in quality and quantity of human capital and of the physical infrastructure, the wide rural urban, interstate and intrastate inequalities in levels of educational attainment, along with the low levels of the quality of educational output – all have lent thrust to the current demand for a continued liberal approach to the question of state funding of education in India. In this context, there is a basic need to redefine the approach for assessing the need for public funding of education in India. Apart from accepting the right to education as a basic human right under the Constitution, the state has to recognize unambiguously that in India education serves today as a public good at almost all levels, producing huge externalities. Therefore, investment in education has become, for the India of the 21st century, the most crucial component of investments in human development- in fact, the most credible means at its disposal for the creation of the knowledge society. Basically there is a need to change the approach to funding education. It has to be recognized that it is a public good, a merit good, a basic human right and an important instrument of socio-economic equity, besides being an important investment in human development as a whole, with intrinsic value of its own. As the education commission remarked “In an age of science, there can be no greater risk than a policy of drift and niggardliness in education...” It is a truism, but nevertheless worth reiterating, that there can be no better investment than in the future of India’s children.

REFERENCES

- i. Cheney, G. R., Ruzzi, B. B. & Muralidharan, K. (2005). *India Education Report*. National Center on Education and Economy. Retrieved from <http://www.ncee.org/wp-content/uploads/2010/04/India-Education-Report.pdf>
- ii. Government of India.(1968). A Report of National Policy on Education. Retrieved from http://mhrd.gov.in/sites/upload_files/mhrd/files/document-reports/NPE-1968.pdf

-
- iii. Government of India.(1986/92). A Report of Programme of Action: National Policy on Education. Retrieved from http://mhrd.gov.in/sites/upload_files/mhrd/files/document-reports/NPE86-mod92.pdf
 - iv. Government of India. (2015). *Analysis of Budgeted Expenditure on Education (2012-13 to 2014-15)*. Ministry of Human Resource Development,(Department of Higher Education) Planning, Monitoring and Statistics Bureau, New Delhi. Retrieved from http://mhrd.gov.in/sites/upload_files/mhrd/files/statistics/ABE2012-15_0.pdf
 - v. Government of India.(2016). *Educational Statistic at a Glance*. Ministry of Human Resource Development, Department of School education and Literacy. Retrieved from http://mhrd.gov.in/sites/upload_files/mhrd/files/statistics/ESG2016_0.pdf
 - vi. Government of Education.(2016). *National Policy on Education 2016 (Report of the Committee for Evaluation of the New Education Policy)*, Ministry of Human Resource Development. Retrieved from <http://www.nuepa.org/New/download/NEP2016/ReportNEP.pdf>
 - vii. National Coalition for Education and World Vision India. (2012) *Joint Report on India- Submission for Universal Periodic Review*, Retrieved from http://lib.ohchr.org/HRBodies/UPR/Documents/session13/IN/JS6_UPR_IND_S13_2012_JointSubmission6_E.pdf
 - viii. National Commission for Protection of Child Rights (n.d.).*Recommendations on Proposed New Education Policy 2016*. Retrieved from <http://ncpcr.gov.in/showfile.php?lang=1&level=1&&sublinkid=770&lid=1118>
 - ix. Santhosh, S. (2015).“Trends in India’s Education Budgeting.”Center for Civil Society. Retrieved from <http://ccs.in/sites/default/files/files/annual-report-2014-15.pdf>